

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹

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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence, described below, from interested persons in the above-captioned cases. Although the Court cannot respond individually to all of those who have expressed their thoughts or concerns, the Court is deeply mindful of the impact of the fiscal crisis on lives, institutions, and expectations, and of the importance of the issues that are raised in these unprecedented cases.

1. Email dated March 10, 2018 from Juan Gonzalez Sauto
2. Email dated March 15, 2018 from Douglas Aron
3. Email dated March 17, 2018 from Howard Leibowitz
4. Email dated April 3, 2018 from anonymous
5. Email dated April 3, 2018 from Rafael Castro Lang

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

6. Email dated April 4, 2018 from Aram Montgomery
7. Email dated April 4, 2018 from Paul Konsig

Dated: April 11, 2018



Please help
ingrid González
to:
swaindprcorresp
03/10/2018 09:14 AM
Hide Details
From: ingrid González [REDACTED]

To: swaindprcorresp@nysd.uscourts.gov

Honorable y Admirada Juez Laura

Mi esposo JuanGonzalez y Yo Ingrid,hemos trabajando honestamente,pagando a todos Nuestros Suplidores y Vendederos por mas de 45 AÑOS. No le debemos a nadie y pagamos TODAS Nuestra facturas.somos retirados de Seguro Social,levantamos un mediano negocio y criamos a Nuestra familia.Con muchos sacrificios, dejamos de gastar el Lujo y ahorraramos dinero para nuestro retiro y vejez.

Es por esto que se nos acercaron gente, que no conocimos de diferentes Bancos y companias personalmente para ofecernos e invertir en Bonos de Puerto Rico, pues es nuestro Pais y la seria la mejor inversion que podiamos hacer.

No escondimos nada,ni le hicimos caso a sitios que nos ofrecian "enconder" nuestro esfuerzos\$\$ en otros sitios nebulosoos

Hoy vemos..... como nos menosprecias por Tontos y nadie nos considera.y esto nos deprime :-(HASTA AHORA APENAS nos alcanza para vivir ,porque el Gobirno se fue a Quiebra.....a pesar de.sus Promesas de Pago. Los Gobiernos lo que hacen son

malgasto,bonos, SUEL DOS exhorbitantes y el Gobierno solo habla de los mas "VULNERABLES".

.....compatriotas que viven del Plan 8, de la.Tarjeta.de.Salud y del WIC y no trabajan para recibir esos otras beneficios Federales a los que Nosotros no tenemos Derecho. Nosotros abogamos porque lo sigan,si no hay mas remedio recibiendo con trabajo, pero no entendemos porque a NOSOTROS ,que no somos Delincuentes y con Nuestros Prestamos sepudieron lograr algunas de los Monumentales Logros de los Diferentes Gobiernos

Juez Laura...que SERÁ de nosotros,los envejecientes.??....los que trabajamos

Es que Usted tiene los OJOS Abierto...pero laJusticia es CIEGA.....

ATENTAMEMTE

JUAN GONZALEZ SAUTO

INGRID GONZALEZ



Bond Default. PR

Douglas A Aron to: swaиндprcorresp

03/15/2018 01:25 PM

From: Douglas A Aron [REDACTED]
To: swaиндprcorresp@nysd.uscourts.gov

Dear Judge Swain,
I am a 75 year old retired Civil Engineer. I have been investing in Puerto Rico bonds for about 15 years. I felt that the US government would never let a U.S. Territory GO BANKRUPT. Especially when they placed high incentives for Americans to invest there with tax incentives. I certainly now know I can't trust the rule of law or the US Government. However, it is too late for me to go back to work and I can only reduce my lifestyle to meet my social security payments.

Douglas A Aron
[REDACTED]



Prbonds how settle

howard leibowitz to: swaindprcorresp@nysd.uscourts.gov

03/17/2018 12:23 AM

From:

howard leibowitz [REDACTED]

To:

"swaindprcorresp@nysd.uscourts.gov" <swaindprcorresp@nysd.uscourts.gov>

I am invested loss 200,000

How settle with no money

Pr can trade land for bonds interest

This would help development and let Pr settle in full faith as promised rather then walking away

Also would let Pr borrow money again in the future

Howard

April 3, 2018

Honorable Judge Laura Taylor Swain
US District Court Southern District
Of New York
500 Pearl Street
New York, NY 10007

Dear Honorable Judge Taylor Swain:

I inherited around \$350,000.00 from my father who died in 2005 that was invested mostly in Puerto Rico bonds with UBS. I didn't spend the money because I wanted to have a retirement nest egg. I am now 65 years old and am confronting this bond crisis created by incompetent, corrupt politicians that mismanaged and drained the Puerto Rico Treasury to the point of insolvency.

Now, I who in good faith lent money to the government am being asked to lose my funds because of their negligence. Please don't allow this injustice.

When we fail to pay our income taxes the government seizes our assets, sells our property and imposes substantial monetary penalties. Now it is their turn to suffer the same fate. **I suggest to the court that it make a ruling that any person that suffers a loss due to the government created bond insolvency has a right to set off any loss amount to future income taxes owed. That is only fair. What is good for the goose ought to be good for the gander!**

Force the government to repay even if it has to have an extension on repayment.

Sincerely yours,

Rafael Castro Lang

April 4, 2018



U.S. House of Representatives
Rob Bishop, Chairman
Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Bishop:

Governor Rosselló's April 2, 2018 response to your March 28, 2018 letter does not only exhibit his disrespect towards you, PROMESA, the U.S. Congress and every American bondholder outside of Puerto Rico, it is also full of misrepresentations and ignores the laws that allow America's states and political subdivisions to access the municipal bond market. As you are well aware Rosselló's letter was not really to you, it was a rallying call to the legislature and people of Puerto Rico to join him in his defiance against the U.S. Congress, the Oversight Board and bondholder rights and liens. Rosselló does not want to address Puerto Rico's debt as directed by PROMESA, he wants to pay what he feels is fair only to Puerto Rico without any consideration for bondholders rights and liens. ***The U.S. municipal bond market relies on lawful liens and the creditability of the participants; do not let Puerto Rico change the muni market.***

As an American I am very disturbed that a territorial governor feels he can call a Congressional Committee Chairperson acting as directed by Congress, a dictator. While for political reasons, Rosselló defies legal precedent and everyone that is sincerely acting in good faith to resolve the Puerto Rico mess.

There can be little doubt in any observer's mind that the non-transparent Puerto Rico government is dishonest and corrupt. The fact Puerto Rico's government is deceitful, dishonest and corrupt has been proven over and over again since PROMESA was enacted. As of March 23, 2018 the liquidity of the Puerto Rico treasury was in excess of \$2 billion. In July 2017 the Oversight Board and Puerto Rico government stated to Judge Swain that for liquidity purposes they would need to borrow COFINA funds in November 2017, while failing to mention over \$6 billion in 800 government accounts. It has been 2 years since the enactment of PROMESA and audited financials, which are the basis for any transparent restructuring, have intentionally not been produced.

The U.S. government has to share responsibility for this fiasco. Congress gave Puerto Rico the unrivaled ability to issue "Triple Tax Exempt" municipal bonds (exempt from federal, state and local income tax). The current problem exists because no one in the U.S. government or Congress monitored or supervised the issuance of Puerto Rico debt. Dishonest and corrupt Puerto Rico politicians took advantage of the lackadaisical attitude the U.S. took in regard to the territory's issuance of "Triple Tax Free" bonds. Now the very crafty Governor Rosselló portrays Puerto Rico as a victim and is looking to place the weight of the island's financial recovery on the backs of Puerto Rico bondholders and the U.S. government.

The U.S. Congress must also share responsibility for the losses Puerto Rico bondholders will incur. Puerto Rico's enormous legal expenses that perpetuate challenges to legal precedent are being offset by not negotiating

and settling with bondholders. In other words Puerto Rico is willing to spend \$200 million or whatever it takes in annual legal fees to offset \$3 billion in annual debt service payments owed bondholders for long as possible.

Losses on Puerto Rico's \$70 billion debt will be minuscule compared to the negative financial impact Puerto Rico's rogue actions, if successful, will ultimately have on the \$4 trillion municipal bond market.

Very few if any investors that previously owned or currently own Puerto Rico bonds will ever again invest in Puerto Rico debt. There may not be a qualified company's CEO or Board of Directors that would entertain a P3 investment with a Puerto Rico government that treats bondholder liens and contract law in such dubious manner. Under current circumstances the privatization of PREPA is a pipe dream.

Puerto Rico, a U.S. colony with a history of corrupt politicians, is now exhibiting defiance and is being permitted to take undisciplined and costly actions. The bottom line is no one seems to have the authority to uphold the intent of PROMESA. Until someone is given the power to make decisions based on the reality of the situation the current fiasco and unnecessary court battles presided over by Judge Swain will continue for years. Unfortunately, Judge Swain seems to be the only person who can advance the Title III process. PROMESA will become a "FUBAR" if Congress does not intervene or demand the Oversight Board interpret "PROMESA" as Congress intended.

I am confident Mr. Bishop that you will carry out your duty and compel Puerto Rico a U.S. territory to maintain the integrity of PROMESA and the municipal bond market.

Respectfully,

Paul Konsig

cc: Judge Laura Taylor Swain



Puerto Rico: Title 3 Proceedings

aram montgomery

to: swaindprcorresp@nysd.uscourts.gov

04/09/2018 07:38 PM

From:

To:

"swaindprcorresp@nysd.uscourts.gov" <swaindprcorresp@nysd.uscourts.gov>

Estimado Juez Swain:

I write as a close follower of the Title3 proceedings in Puerto Rico and its impact to on-island residents. I am a US citizen and my focus is on the approximately 65,000 on-island families currently holding bonds issued by the Commonwealth and its instrumentalities.

What has lacked attention is the majority of creditors hold COFINA junior bonds. Total COFINA bond holders outnumber GO bondholders by a ratio of approx 7 to 1 and the vast majority of these are of the COFINA subordinate class. Many Boricuas purchased these bonds as recently as 3.5 years ago, at a premium to par, as they were rated investment grade. The instrumentality of COFINA posted affirmative legal guidance on their website and the GDB also hosted a 10/31/13 conference call - reaffirming their legal validity - attended by: José Pagán, GDB President, José Coleman-Tiò, GDB General Counsel, along with five partners from Nixon Peabody and three partners from Pietrantoni Méndez & Álvarez. The Commonwealth, including both of its major political parties, also swore these bonds were legally "inviolable" after their legislature unanimously approved their issuance.

The on-island COFINA junior creditors are pensionless and made substantial investments in these bonds for income and tax reasons but now find themselves assailed on multiple fronts. All COFINA bonds remain fully funded despite chronic under collection of the SUT and tax holidays. (Even post-Maria SUT revenues are at record levels.) However, the Board has refused to honor their lien after falsely claiming there was a liquidity crises (by Martin Bienstock before you in August 2017 and in testimony by Natalie Jaresko before US Congress). The governor and legislature of Puerto Rico have also attempted to raid the COFINA lockbox. The GO Adhoc Group and COFINA Seniors Group have both attacked the juniors full stop. Putting COFINA payments into escrow for so long has directly impacted the most vulnerable in this process post-Maria as many, out of economic necessity, have had to liquidate their holdings at the worst possible time.

The cumulative effect has been a steep price drop in COFINA juniors and an a-historic and unjustifiable price spread between COFINA senior and Junior bonds. As of this writing, COFINA seniors trade at approximately 60 cents on the dollar but COFINA juniors trade at only 23 cents, and this price difference is much wider than any previous gap post-restructuring (Moody's data shows the average range of 10 to 20 cents). Bond prices are relevant as the Board will use it to negotiate down a final principal cut and the modestly higher interest received by juniors does not begin to reflect the current price difference.

COFINA junior creditors thought they were investing in the place they lived but have had their sense of justice turned upside down, and many now find themselves with no other means of financial support. In human terms we are talking about families that were once relatively prosperous now living in real poverty - whose kids and grandkids have had their college savings

destroyed and dreams dashed. When forced to sell their small lots (as different from institution-sized blocks) muni dealers routinely give them below market prices. But most retail creditors continue to hold on and are simply asking to be treated somewhat fairly.

The Commonwealth benefits by not making interest payments and institutional bondholders can wait forever for a resolution. This is a luxury retail creditors do not have and many of them cannot speak for themselves.

Muchas gracias por su attencion.

Aram Montgomery